

PROPOSAL FOR POVERTY AND ENVIRONMENT PROGRAM (PEP)

A. BASIC DATA

1. **Title:** Sustaining Livelihoods Development and Natural Resources Management Project
2. **ADB Officer:** Sanath Ranawana, Environment Specialist, SAAE
3. **Request Date:** March 2005
4. **Implementing Organization:** North Eastern Provincial Council (NEPC)
5. **Type of Interventions:** The Project seeks to pilot test participatory natural resource management in vulnerable tsunami affected coastal areas to demonstrate the links between natural resources and livelihood opportunities. The pilot projects will be the basis for wider scale replication of successful techniques under the ADB financed North East Coastal Community Development Project¹ (NECCDEP) and other similar projects. Interventions will include (i) developing a methodology for identifying environmental 'hot spots'; (ii) establishing baseline conditions and parameters to monitor environmental and socio-economic trends; (iii) assessing the ecological impact of tsunami and human activities on identified 'hot spots'; (iv) formulate appropriate habitat restoration and sustainable natural resource management measures; (v) identify appropriate livelihood options that can be linked with resource management within 'hot spots'; (vi) implement (iv) and (v) above as pilot projects; and (vii) document lessons from pilot projects to guide replication and adaptation by the NECCDEP and other similar projects.
6. **Amount of Request:** \$250,000 (total budget of \$332,000)
7. **Project Implementation Period:** 18 months (May 2006 – October 2007)
8. **Region/Country:** South Asia/Sri Lanka

B. DESCRIPTION OF IMPLEMENTING ORGANIZATION

9. The North East Provincial Council (NEPC) will be the lead implementing agency. The Project will be implemented by the NECCDEP Project Office and Deputy Project Offices in the three Eastern districts of Trincomalee, Batticaloa and Ampara, with the NECCDEP Project Director assuming overall responsibility for implementation and coordination. The provincial-, district- and division-level coordination mechanisms already established under the NECCDEP will be adopted for smooth and rapid implementation of the Project. The Project would also benefit from NGOs contracted under NECCDEP to mobilize community groups and undertake village development planning and resource mapping activities. The district- and division-level officers of the Central Environmental Authority (CEA) will provide technical support for the Project, by way of information and assistance on enforcement.

C. PROPOSED PROJECT

1. Background and Rationale:

10. The Asian tsunami of 26 December 2004, triggered by the most powerful earthquake in forty years left a trail of destruction in over a dozen countries in the Asian rim. Much of this devastation took place in South and Southeast Asia. In Sri Lanka, massive damage was caused to life, property and livelihoods along the Northern, Eastern, Southern and Southwestern coastal belt. In total it is estimated that 35,000 people were killed or listed as missing and tentative Government estimates of the overall damage are in the order of \$1.5 billion, with the fisheries, agriculture and tourism sectors bearing the major brunt of the damage.

¹ Loan 2027-SRI (SF) approved on 28 November 2003 for \$20 million.

11. The damage to the North and East coastlines was more severe compared to the Southern and Western coastlines since these areas bore the direct impact of the wave. The damage in some of these areas reached 2-3 km inland. Natural habitat such as mangroves and coral reefs did provide some buffering effect but it was not sufficient to ward off the impact of the enormous waves. The poor coastal communities in the North and East will bear the greater share of the impact, particularly those who depended on the already fragile ecosystem for their income and livelihood. In the aftermath of the tsunami, these fragile ecosystem are more susceptible to exploitation.

12. There is an urgent need to demonstrate the ecological and economic value of fragile ecosystems in the coastal areas. The principal reason for degradation of these ecosystems is inability to capture the full potential of sustainable livelihood, or income-generating opportunities, and failure to understand the intrinsic value of ecosystem functions. The Project will aim to address these issues and take the opportunity to find sustainable alternatives for the communities significantly affected by the tsunami, to increase resilience and decrease their vulnerability to similar natural hazards in future.

13. NECCDEP has identified 3 special management areas (SMAs) based on environmental and ecological criteria which include high dependence on natural resource base for livelihood. These SMAs, which were considered to be ecologically sensitive areas even prior to the tsunami, are now likely to be even more vulnerable following the tsunami. Proposed interventions will be undertaken within these SMAs.

2. Objectives

14. The objective of the proposed Project is to demonstrate successful sustainable natural resource management strategies for tsunami affected vulnerable ecosystems that can be replicated on a wider scale through the on-going NECCDEP and other ADB tsunami-related assistance to Sri Lanka.

3. Scope of Work/Description of Proposed Activities:

15. To achieve this objective, the Project will involve the following activities:

- (i.) **Formulate criteria to identify environmental 'hot spots':** Foremost, it will be necessary to identify ecologically sensitive areas (hot spots) within the coastal ecosystems, particularly those severely affected by the tsunami. This would be done on the basis of a set of criteria developed under the Project. The criteria will be applicable in a rapid assessment framework, and will be further based on existing environmental assessments carried out during the preparatory phase of the NECCDEP. The latter assessments will be reviewed and updated in the context of the damage caused by the tsunami and subsequent trends in socio-economic activity. The identification of hot spots is a pioneering activity to assess the environmental damage at the micro-level brought by the tsunami in the ecologically vulnerable areas in Sri Lanka.
- (ii.) **Establish parameters for assessing ecological and socio-economic conditions and trends of selected 'hot spots' (including the effect of the tsunami):** The baseline conditions of the selected ecologically sensitive areas would be recorded using a set of parameters. The parameters would be designed to maximize simplicity and cost-effectiveness of application. A monitoring program to measure conditions and trends of the targeted hot-spot areas would be developed, bearing in mind that measurable changes in trends may only be evident in the medium- to long-term and therefore well beyond the project period. To the extent possible, monitoring would be based on a participatory approach involving local beneficiaries and the information will feed into district- and provincial-level information systems.

- (iii.) **Formulation of appropriate habitat restoration and sustainable natural resource management strategies:** Selecting several environmental 'hot spots', the Project will formulate specific habitat restoration interventions and environmental management strategies, which may include mangrove rehabilitation, coral reef restoration, and integrated coastal resource management. These would be designed within the broad framework of participatory natural resource management.
- (iv.) **Identification of livelihood strategies:** Linked to the above, the Project would identify appropriate livelihood strategies through community consultation to ensure sustainable resource extraction within an overall resource management framework. Livelihood options would target local communities and focus primarily on vulnerable groups, especially those affected by the tsunami. These interventions may include fish processing, handicrafts-making including rattan products, production of medicinal plants, ecotourism and other livelihood activities that will complement natural resource management strategies.
- (v.) **Implementation of pilot projects to demonstrate the nexus between sustainable natural resource management and livelihood improvement:** The above strategies for natural resource management and livelihood improvement would be implemented in several sites as pilot projects. The Project would provide all support required to ensure smooth implementation of these interventions and strive to demonstrate tangible and sustainable returns within the project period. Local resource management groups will be formed to implement these interventions and to sustain them after project completion.
- (vi.) **Awareness and Information Dissemination:** Finally the Project would support the documentation of lessons learnt from the pilot projects and a program for information dissemination. This would be an important feature of the Project with specific targets for linking the experiences of the pilots to other projects including the NECCDEP. Publications and workshops would be supported under this activity.

16. NEPC will mobilize the NGOs involved in NECCDEP to help organize the communities and establish the local resource management groups. It will also hire a livelihood development specialist and a coastal ecologist to provide technical support. Their terms of reference are provided in Annex 1.

4. Work Plan and Reporting:

17. The Project is scheduled for implementation over a period of 18 months. Community-based interventions, particularly interventions with which community members are unfamiliar involve considerable lead time prior to full-scale implementation. This would be the case with sustainable natural resource management interventions. The Project would be seeking to demonstrate new types of income generating opportunities which would require close guidance and monitoring. The following timeframe is proposed:

Table 1: Implementation Schedule

Activity	Q1	Q2	Q3	Q4	Q5	Q6
Establish criteria for identifying 'hot spots'						
Formulate parameters to assess ecological and socio-economic conditions and trends within 'hot spots'						
Establish a monitoring program based on above and incorporate with NECCDEP project performance monitoring system						
Assess the impact of tsunami and human activities on 'hot spots'						
Formulate suitable habitat restoration strategies						
Identify appropriate livelihood development options linked with management of the 'hot spots'						
Implement pilot programs incorporating the above activities in selected 'hot spots'						
Document lessons learned from implementing the above						
Disseminate lessons learned and best practices from above						

5. Expected Outputs and Outcomes:

18. The key outcome of the PEP project would be the sustainable management of selected natural resource 'hot spots' with tangible returns to beneficiaries through income generating opportunities. The main outputs will be:

- (i.) Technical notes on issues such as criteria for selecting 'hot spots'; or monitoring conditions and trends of 'hot spots';
- (ii.) Sub-projects which successfully demonstrate the nexus between poverty alleviation and natural resource management
- (iii.) Publications on lessons learned and best practices based on the above demonstrations
- (iv.) Workshop and proceedings on the above

6. Evaluation and Information Dissemination:

19. Evaluation, monitoring, and information dissemination will be carried out with the local resource management groups. Practical and simple system of sharing information at the community level will be developed and periodic dialogues with the community members will be undertaken to ensure that valuable lessons are shared among vulnerable communities.

20. The Project will be reviewed at the time of regular reviews of the NECCDP. Two regular review missions of NECCDEP are scheduled per year. An inception mission for the Project may need to be fielded separately since the timing may not coincide with the next scheduled review mission of the NECCDEP. NECCDEP review missions will include appropriate specialists inputs to enable independent assessment of the Project activities as well.

21. Progress reports on the Project will be provided along with the standard quarterly reports submitted to ADB from the Project Office of the NECCDP.

7. Scope for Replication/Use in Other DMCs:

22. Dissemination of the experiences and lessons learnt will feature prominently as a Project activity. In this regard, policy briefs, issue papers, case studies and examples of best practice will be simultaneously developed to document lessons learned. These will be disseminated through consultative workshops, seminars and grassroots communication techniques.

23. The main objective would be to encourage replication and link the Project with other similar projects. In particular, the Project will serve as a useful pilot phase for replication under the NECCDP. NECCDEP will seek to replicate such interventions in a much wider scale in the districts of the North and East over a six year period. Hence the experience and lessons from the pilot projects will serve as invaluable inputs prior to NECCDEP embarking upon similar interventions in a much larger scale.

24. In addition to NECCDEP, the on-going ADB financed Coastal Resources Management Project and possibly the Southern Province Regional Economic Advancement Project would also benefit from the experience of the demonstrations supported under the Project.

D. COST ESTIMATES

25. The estimated cost of undertaking the above activities is presented in Table 2 below.

Table 2: Cost estimates (in US\$)

Cost Item	PEP	NEPC	Total
Rural livelihood development Specialist (international)	90,000		90,000
Ecologist/Environmental Scientist	15,000		15,000
Survey/research team and Office Support	15,000	18,000	33,000
Counterpart Staff	0	27,000	27,000
Outsourcing of research and studies	10,000		10,000
Unallocated technical assistance	12,000		12,000
NRM and poverty alleviation nexus demonstrations	50,000		50,000
Equipment	5,000		5,000
Transportation	10,000		10,000
Workshops and Seminars	10,000	30,000	40,000
Report preparation and Printing	12,000		12,000
Contingencies	21,000	7,000	28,000
Total	250,000	82,000	332,000

E. IMPLEMENTING ARRANGEMENTS

26. The Project will be implemented under the overall supervision of the North East Provincial Council (NEPC). NEPC will provide office space for the consultants with a base in Tricomallee and satellite facilities in each of the districts. NEPC will also provide adequate counterpart staff inputs to ensure integration of the Project activities with the activities of provincial-, district- and division-level offices, and to ensure transfer of skills from the consultants to relevant government officials.

27. Day-to-day implementation will be handled by the Project Office of the NECCDP. The Project Director of NECCDEP will be responsible for organizing logistics of the Project as well as for coordinating with the NECCDEP and with the various coordinating committees to ensure that the Project receives the desired levels of exposure and support.

28. Consultants will be recruited by ADB in accordance with the *Guidelines on the Use of Consultants by the Asian Development Bank and its Borrowers* and other arrangements satisfactory to ADB (invoking special emergency procurement provisions, as required). The consultants TOR are presented in Appendix 1. The consultants will work through NGOs identified and recruited by the NECCDEP Project Office to carry out community mobilization and facilitation activities.

Annex 1

TEAM LEADER /RURAL LIVELIHOODS DEVELOPMENT SPECIALIST
6 months (International)

- Serve as the team leader and be responsible for overall implementation of the project;
- Using a sustainable coastal livelihoods approach assess and document the relative degree of dependence by community groups on the main natural resource types and the coping strategies employed by these communities during times of hardship/change;
- Design alternative livelihood options based on community skills, available natural resources, potential income generating options, the existence and access to markets/networks and other related factors. Assess the long-term sustainability of these livelihood activities and assess what measures may be undertaken to sustain them after the project duration;
- Advise and supervise the formulation and implementation of livelihood development demonstration sub-projects that establish clear links between income generation and natural resource management;
- Prepare criteria for selecting recipients of livelihood development support, identify parameters for a continuous monitoring and evaluation process of livelihood development initiatives, and implement a monitoring and evaluation program in tandem with the NECCDEP project performance monitoring system;
- Document the lessons learned and best practice of the above demonstration sub projects, highlighting the poverty and the environment nexus.
- Serve as a resource person at workshops and training programs to discuss and disseminate the experiences from above activities
- Identify and comment on how alternate livelihood options may be addressed through existing GoSL plans and policies. , Recommend possible sustainable coastal livelihoods enterprises and resource management interventions that may be employed over the longer term.

COASTAL ECOLOGIST
5 months (National)

- Undertake a rapid assessment of the extent of damage to the ecosystems within the SMAs;
- Design appropriate ecological criteria to be used in defining areas of high biodiversity value and using these criteria designate biodiversity hot-spots.
- Assist with detailed assessment of the extent of damage within hot spots due to the tsunami and longer term human impacts;
- Prepare parameters and contribute towards the formulation of a monitoring and evaluation process to measure the conditions and trends of the 'hot spots'
- Assist in formulating suitable restoration strategies for the 'hot spots';
- Provide guidance and supervision of restoration activities in selected hot spots and in managing income generating activities that depend on the natural resource base within these areas;
- Assist with documenting the lessons learned and best practice of the above demonstration sub projects, highlighting the poverty and the environment nexus;

- Serve as a resource person at workshops and training programs to discuss and disseminate the experiences from above activities
- Provide advise on how the community-level interventions targeting 'hot spots' can be incorporated into wholistic strategies for managing the larger special management areas;
- Provide any other related technical inputs required by the NECCDEP project director

Performance Indicators

	<i>Expected Results</i>	<i>Performance Indicator</i>
<i>Outcome</i>	Reduced vulnerability of ecosystems and communities to natural hazards and strengthened communities' capacity to undertake sound natural resources management and sustainable livelihood activities	Number and percentage of communities implementing natural resources management and sustainable livelihoods; Natural resource management and livelihood options replicated in other areas affected by the tsunami
<i>Outputs</i>	Improved livelihood opportunities and state of natural resources in the tsunami affected areas	Number of individuals provided with new livelihood opportunities Area of coral reefs, mangroves, etc that have been rehabilitated within hotspots
	Applied participatory approaches in natural resources management and sustainable livelihood	Number of local resource management groups and other community-based organizations (CBOs) formed; Number of active members in local resource management groups
	Identified natural resources management and livelihood strategies	Number of specific strategies with commitment from communities for action
	Identified hot spots	Set of criteria established in identifying hotspots List of identified hotspots based on criteria
	Prepared publications	Numbers of local community groups, government agencies and other stakeholder groups provided with the publications
	<i>Activity</i>	Establish criteria for identifying hotspots
Formulate parameters to assess conditions and trends within hotspots		Documentation of existing condition
Identify natural resources management strategies within hotspots		Number of specific strategies identified and accepted.
Identify livelihood activities linked with natural resources management of the hotspots		Number of specific livelihood options identified and accepted.
Implement natural resource management and livelihood activities		Number of fishers who participated in the implementation Number of workshops, trainings conducted to improve fishers capacity
Document and disseminate lessons learned and best practices		Documentation of Proceedings Timely completion of publications
	Consultants, Staff time, Procurement, Logistical support	Consultants hired, staff appointed, equipment/supplies procured and logistical support provided by the implementing agency

